

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. Contract ID Code Firm-Fixed-Price		Page 1 Of 30	
2. Amendment/Modification No. 0001		3. Effective Date 2007JUN20		4. Requisition/Purchase Req No. SEE SCHEDULE		5. Project No. (If applicable)	
6. Issued By U.S. ARMY TACOM LCMC AMSTA-AQ-ATBC BETTY NALLEY (586)574-6200 WARREN, MICHIGAN 48397-5000 HTTP://CONTRACTING.TACOM.ARMY.MIL EMAIL: BETTY.NALLEY@US.ARMY.MIL		Code W56HZV		7. Administered By (If other than Item 6) <div style="display: flex; justify-content: space-around;">SCDPASADP PT</div>			
8. Name And Address Of Contractor (No., Street, City, County, State and Zip Code)				<input checked="" type="checkbox"/> 9A. Amendment Of Solicitation No. W56HZV-07-R-0232			
				9B. Dated (See Item 11) 2007MAY23			
				<input type="checkbox"/> 10A. Modification Of Contract/Order No.			
				10B. Dated (See Item 13)			
Code		Facility Code					
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
<input checked="" type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input checked="" type="checkbox"/> is extended, <input type="checkbox"/> is not extended. 2007JUL13 01:00pm Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing items 8 and 15, and returning <u>2 signed</u> copies of the amendments: (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
12. Accounting And Appropriation Data (If required)							
13. THIS ITEM ONLY APPLIES TO MODIFICATIONS OF CONTRACTS/ORDERS It Modifies The Contract/Order No. As Described In Item 14.							
<input type="checkbox"/> A. This Change Order is Issued Pursuant To: The Changes Set Forth In Item 14 Are Made In The Contract/Order No. In Item 10A.							
<input type="checkbox"/> B. The Above Numbered Contract/Order Is Modified To Reflect The Administrative Changes (such as changes in paying office, appropriation data, etc.) Set Forth In Item 14, Pursuant To The Authority of FAR 43.103(b).							
<input type="checkbox"/> C. This Supplemental Agreement Is Entered Into Pursuant To Authority Of:							
<input type="checkbox"/> D. Other (Specify type of modification and authority)							
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the Issuing Office.							
14. Description Of Amendment/Modification (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) SEE SECOND PAGE FOR DESCRIPTION							
<p>Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.</p>							
15A. Name And Title Of Signer (Type or print)				16A. Name And Title Of Contracting Officer (Type or print)			
15B. Contractor/Offeror _____ (Signature of person authorized to sign)		15C. Date Signed		16B. United States Of America By _____ /SIGNED/ (Signature of Contracting Officer)		16C. Date Signed	
NSN 7540-01-152-8070 PREVIOUS EDITIONS UNUSABLE				30-105-02		STANDARD FORM 30 (REV. 10-83) Prescribed by GSA FAR (48 CFR) 53.243	

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SECTION A - SUPPLEMENTAL INFORMATION

1. The purpose of this Amendment 0001 to Solicitation W56HZV-07-R-0232 is to:
 - a. Extend closing date of solicitation to 13 July 2007;
 - b. Provide Revised Purchase Description, ATPD 2203, Rev G dated 11 June 2007;
 - c. Provide revised Scope of Work, Section C;
 - d. Provide revised Section E.1 Product and Assurance;
 - e. Delete/Add Far/DFAR clauses; and
 - f. Provide Revised Proposed Prices and Total Evaluated Price Spreadsheet.

2. The closing date for this solicitation W56HZV-07-R-0232 is hereby extended to 13 July 2007.

3. The Purchase Description, ATPD 2203, Rev G appears as Attachment 0009 in Section J.

4. Section C, Scope of Work has been changed as follows:
 - a. Paragraph C.1.1 is changed to read "ATPD 2203 Rev G, dated 11 June 2007.

 - b. Paragraph C.4.4.2.1 is changed

FROM: Technical Data for Government Directed Changes. Where the Government pays for a Class I (ECP) design change under this provision, all efforts expended by the contractor will result in the unlimited, right, title and interest of those changes to be vested in the Government.

TO: Technical Data for Government Directed Changes. Where the Government pays for a Class I (ECP) design change under this provision, all efforts expended by the contractor will result in the unlimited, rights in those changes to be vested in the Government.

5. Section E.1, Product and Assurance has been changed as follows:

Paragraphs E.1.3.2c, E.1.3.3.1, E.1.3.5.1, E.1.3.5.3, E.1.4 and E.1.7 have been revised to reflect ATPD 2203, Rev G.

6. The following FAR clauses have been deleted:

52.227-3, Patent Indemnity

52.227-1, Authorization and Consent

7. The following FAR/DFAR clauses have been added:

52-227-1, ALT 1, Authorization and Consent (Alternate 1 dated April 1984) (JUL 1995)

52.227-12, Patent Rights (Long Form) (JUN 1989)

252.246-7001, Warranty of Data (DEC 1991)

252.227-7013, Rights in Technical DataNoncommercial Items (NOV 1995)

252.227-7016, Rights in Bid or Proposal Information (JUN 1995)

252.227-7025, Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends (JUN 1995)

252.227-7030, Technical DataWithholding of Payment (MAR 2000)

252.227-7037, Validation of Restrictive Markings on Technical Data (SEP 1999)

252.227-7028, Technical Data or Computer Software Previously Delivered to the Government (JUN 1995)

252.227-7017, Identification and Assertion of Use, Release, or Disclosure Restrictions (JUN 1995)

252.227-7039, Patents-Reporting of Subject Inventions (APR 1990)

52.232-16 ALT III Progress Payments (Alternate III dated April 2003) Apr 2003

8. The Revised Proposed Prices and Total Evaluated Price Spreadsheet appears as Attachment 0010 in Section J.

*** END OF NARRATIVE A0002 ***

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SECTION C - DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

C-3 DESCRIPTIONS/SPECIFICATIONS/WORK STATEMENT

- C.1 General
- C.2 Hardware Samples
- C.3 System Management
- C.4 Configuration Management Requirements
- C.5 Military Packaging Documentation
- C.6 Safety
- C.7 Product Assurance and Test
- C.8 Integrated Logistics Support (ILS) Program
- C.9 Transportability
- C.10 Hazardous Materials Management Program (HMMP)
- C.11 Manpower & Personal Integration
- C.12 Training

C.1 GENERAL DESCRIPTION

C.1.1 The Enhanced Container Handling Unit (E - CHU) shall be produced in accordance with this scope of work and ATPD 2203 Rev G, dated 11 June 2007. The ATPD is incorporated into the solicitation/contract as Attachment 1.

C.2 HARDWARE SAMPLES

C.2.1 A PLS truck (M1075), a HEMTT LHS (M1120), a M3 CROP AND A M3A1 CROP will be provided as Government-Furnished Equipment (GFE) for the purpose of observing operating principles , measurement of interface dimensions and installation of hardware to verify conformance with contract requirements. All GFE shall be returned to the Government upon First Article Test approval.

C.3 SYSTEM PROJECT MANAGEMENT

C.3.1 System Responsibility. The contractor shall have complete system responsibility, including responsibility for resolution of all interface problems related to GFE. Offerors are encouraged to use best commercial products, processes and practices.

C.3.2 Integrated Product Teams (IPT's)/Integrated Product and Process Development (IPPD). The contractor shall use Integrated Product Teams (IPT's) in the design, test and management phases of this program. These IPT's shall include Government and subcontractor participation. The Contractor shall use Integrated Product and Process Development (IPPD) to insure the full integration of all functional areas in the overall program effort.

C.3.3 Meetings:

C.3.3.1 Integrated Product Team (IPT) Reviews. The contractor will prepare and present quarterly IPT reviews. The focus of these reviews should, as a minimum, address areas of engineering, logistics/publications, quality assurance, safety, packaging, test progress, human factors, MANPRINT and production status. Two out of four quarterly IPTs shall be hosted at the contractor's facilities, and the remaining two IPT's may be conducted via video teleconference (CDRL A001).

C.3.3.2 Start of Work Meeting. The meeting shall be held at the contractors facility within 30 days of contract award. The meeting will include a discussion of the Scope of Work and Purchase Description pertaining to all functional areas. The meeting will also be a forum to finalize IPT assignments and membership. (CDRL A001)

C.3.3.2.1 Definition of Start of Work. Work starts at contract award. The Start of Work Meeting is a forum for exchange of ideas to promote satisfactory execution of the contract. Both the contractor and the Government shall raise issues as they arise. The Start of Work Meeting shall not be used as the launching point for the start of any task required by the contract.

C.3.4 Data Management. The contractor shall prepare technical data and reports as specified in the applicable Data Item Descriptions (DIDs), DD Form 1664. The data must provide all the specified information, in accordance with the quantities and schedules set forth in the Contract Data Requirements List (CDRLs) and DIDs. Tailored DIDs are provided as attachments in Section J. Standard DIDs may be found at <http://www.dodssp.daps.mil/assist.htm>.

C.3.5 Electronic Data Delivery. All data and information delivered under this contract shall be submitted in electronic format and in American English unless otherwise specified in the CDRL. The file format and delivery method will be dependent upon the file type and size. The files shall be Microsoft Office software version 2003 or earlier compatible by default. Available methods of delivery are: electronic mail attachments, CD ROM or DVD.

C.4 CONFIGURATION MANAGEMENT REQUIREMENTS

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C.4.1 Configuration Baseline. The end item will comply with all of the requirements of this contract, including but not limited to, end item Performance Specification and Section C. Except as provided herein, all systems delivered under this contract shall be identical in configuration to the final approved First Article Configuration of the system.

C.4.1.1 Product Baseline. The contractor shall prepare a Bill of Material (BOM) in contractor format. The BOM shall accurately reflect the as-built condition and shall be submitted concurrently with the First Production Unit Inspection (FPUI) item delivery (See Section C.7.3.3). Item changes made during FPUI will require the BOM to be updated and resubmitted prior to FPUI approval. Upon approval of the FPUI the BOM shall constitute the approved Product Baseline for the CHU. The contractor shall keep records of all changes which impact the Product Baseline prior to First Article Approval (FAA). The records shall include at a minimum the following information: contractor-supplied unique control numbers, date of submission, complete technical description of change, reason for change, system(s) affected by the change, list of components removed/reused and/or new components and contractor primary point of contact. Upon request, contractor records shall be made available for Government review. Item changes made during First Article Test (FAT), Production Verification test (PVT), or Follow-on Production Test (FPT) will require the BOM to be updated and resubmitted prior to FAA.

C.4.1.1.1 The Government will not be responsible for any additional costs to CHUs or software associated with any changes submitted by the contractor under this paragraph, nor will the Government be liable for costs incurred by the contractor due to delay in contract performance which may result from any change submission unless the parties agree otherwise.

C.4.1.2 Product Baseline Approval. Following successful completion of First Article Acceptance, the Procurement Contracting Officer (PCO) will notify the contractor in writing that the Product Baseline has been established. After this approval the Product Baseline cannot be changed without a Government approved Engineering Change Proposal (ECP).

C.4.2 Approval of Engineering Changes. Government approval of changes following acceptance of the Product Configuration Baseline will not be construed as relieving the contractor from its responsibility to furnish all items in conformance with contract requirements, including full responsibility for failure in operation of equipment which resulted from changes previously approved by the Government. The Government reserves the right to require the contractor to perform additional tests, to be determined by the Government, up to and including a complete First Article Test (FAT), prior to acceptance of any change, at no cost to the Government, or to disapprove changes where Government review shows the changes would have an adverse affect.

C.4.3 Configuration Changes. Changes to the Product Configuration Baseline shall only be incorporated in accordance with (IAW) the following requirement. The contractor shall propose changes to the established configuration baseline via the submission of Engineering Change Proposals (ECPs), Value Engineering Change Proposals (VECPs), and Request for Deviations (RFDs). The contractor shall implement positive configuration control methods and procedures that maintain the integrity and history of the established baseline. Sufficient supporting data to evaluate the proposed change, such as drawings, supplemental drawings, sketches, specifications, or manufacturers data sheets, shall be submitted with ECPs, VECs, and RFDs. If changes result in decreased cost, the Government may, at the sole discretion of the Contracting Officer, require an equitable downward adjustment to the contract price. The contractor shall certify cost impact, and the Government will have the right to conduct post-change audits. If the Government desires a configuration change, the PCO will direct the contractor to submit an ECP.

C.4.4 Engineering Change Proposal (ECP) Definitions. Class I ECP: Engineering Change Proposals that AFFECT any of the following: system performance, part interchangeability, cost, logistics, reliability, safety or delivery schedules. Class II ECP: Class II ECPs have NO EFFECT on any of the factors listed above for the Class I ECP definition. Class II changes that impact only ILS will be reviewed by the local Defense Contracts Management Agency (DCMA) Representative for concurrence in classification and forwarded by the contractor on a monthly basis with the ILS Configuration Control Log (in contractor format) to the appropriate Government ILS Manager for tracking/implementation actions.

C.4.4.1 Class I ECP Changes - Contractor Requested. The contractor shall submit copies of proposed Class I ECP changes per DI-CMAN-80639C (CDRL A002) and Attachment 2 immediately upon determination of a need for such changes. Supporting documentation shall be sufficient to fully understand the Class I ECP. Impact statements for safety, MANPRINT, integrated logistic support, technical manuals, and transportability will be in contractor format. The Government reserves the right to require additional testing and test results for proposed changes. The contractor shall not implement any Class I ECP changes prior to Government approval. Notwithstanding any contractor configuration changes under this provision, the contractor shall not be relieved of its responsibility to conform to the delivery requirements of this contract.

C.4.4.2 Class I ECP Changes - Government Directed. In the event the Government desires a change to the end item configuration, the PCO will request, in writing, a technical/price proposal from the contractor. Copies of ECPs will be submitted per DI-CMAN-80639C (CDRL A002) and forwarded to the PCO within 30 days of the request.

C.4.4.2.1 Technical Data for Government Directed Changes. Where the Government pays for a Class I (ECP) design change under this provision, all efforts expended by the contractor will result in the unlimited rights in those changes to be vested in the Government.

C.4.4.2.2 Technical Data Format for Government Directed Changes. At the Government's option, the data may be submitted in either contractor format or Government formats. In the event Government format is required, the Government will request a pricing proposal. The cost of said data will be included in the funding provided for in the contract modification.

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C.4.4.3 Value Engineering Change Proposals (VECPs). The contractor shall prepare VECPs in the same manner as Class I ECPs.

C.4.4.4 Class II Changes. The contractor may make Class II changes without Government approval, processing these actions on the contractors Standard Engineering Change Form. The Government will review this documentation for the proper classification. If the Government determines that a change submitted as a Class II is actually a Class I, the contractor shall be so notified and shall prepare and submit a Class I ECP within 5 working days for Government review. If the Government rejects the resubmitted Class I ECP, the contractor shall be responsible to retrofit all items produced with the change.

C.4.4.5 Engineering Change Proposals (ECPs) Control Numbers. The contractor shall request a block of TACOM ECP Control Numbers by letter to AMSRD-TAR-E/PDM/ MS 268. TACOM ECP Control Numbers shall consist of the contractor's assigned three alpha character symbol and the applicable assigned TACOM ECP five digit-1 alpha/4 numeric Control Number. Any required revision identifiers will be made per DICMAN-80639C (CDRL A002) and Attachment 2. The contractor shall utilize these numbers on an individual basis as a control identifier for ECPs. Once an ECP Control Number is assigned to the first submission of a change proposal, that number shall be retained for all subsequent submissions of that change proposal. The contractor shall maintain records of where and when each ECP number was used.

C.4.4.6 Engineering Change Inspection and Test. The Government reserves the right to inspect the systems or components at contractor expense in order to determine whether changes submitted by ECP should be approved. Any production or delivery delays caused by Government re-inspection will not be considered as excusable delay under the Default clause. In addition, such delays shall not be the basis for an upward adjustment in contract prices or an extension of delivery schedule. The Government reserves the right to conduct additional testing at contractor expense if the Government believes any proposed engineering change may have a potential negative impact on the ability of the product to meet the requirements of the performance specification.

C.4.5 Request for Deviation (RFD). During the performance of this contract, if the contractor finds it necessary to deviate from a particular performance requirement of the specification, drawing or other document for a specific number of units or a specified period of time, the contractor shall seek written authorization from the Government by completing a RFD. Under no circumstances shall submission or approval of an RFD be the basis for a contract price increase.

C.4.5.1 Request for Deviation (RFD) Definition. A Request for Deviation (RFD) is submitted before commencing production and is a one time request for authorization to deviate from a requirement of the performance specification or contract. Deviations cover the whole of the anticipated production run under the contract.

C.4.5.2 RFDs General.

C.5.5.2.1 Format. When considered necessary by the contractor, an RFD shall be submitted per DI-CMAN-80640C (CDRL A004) and Attachment 3. The contractor shall identify the weapon system affected on each RFD. The weapon system code can be found as a two character code on the AWARD/CONTRACT cover sheet in the Issued By block following WPN SYS. The contractor shall place this code on the top of the RFD form.

C.4.5.2.2 Procedures. RFDs affecting safety are not authorized. Submission of recurring deviations is discouraged and shall be minimized. Where it is determined that a change would be permanent, the contractor shall process an ECP.

C.4.6 Effectivity Certification. Changes resulting from Class I ECPs, VECPs and RFDs shall be incorporated into the production line through contract modification. Actual cut-in of these changes shall be at a single END ITEM cut-in point. Each ECP, VECP, RFD shall be applied to the production line at one time in their entirety. The contractor shall maintain the original effectivity point certification on file.

C.4.7 Electronic Data Delivery for Submittal of Configuration Data. The contractor shall submit ECPs/VECPs/RFDs to the Government electronically. These data submittals shall be in Adobe Acrobat-Pdf file extension. For all electronic files, File Transfer Protocol (FTP) can be used. A test transmission shall be conducted within 30 days of the start of the contract to work out any problems associated with the electronic transfer.

C.5 MILITARY PACKAGING DOCUMENTATION

C.5.1 Shipment and Storage (S&S) Instructions. The contractor shall provide initial requirements and updates to the S&S instructions (See DI- PACK-80121B CDRL A005).

C.5.1.1 The Contractor shall include processing instructions for shipment as an Integrated Logistic Support PACKAGING element and a design element of TRANSPORTABILITY. CHUs will be shipped using manufacturers commercial procedures, provided they will protect equipment for immediate shipment and use, and for outdoor storage without corrosion or degradation of any and all parts of kit, not to exceed 365 consecutive days from the acceptance date, unless otherwise specified. The contractor shall develop processing for:

*Short term TRANSPORT/Storage (90 days maximum) for application when CHU is in TRANSPORT

*Controlled Humidity storage (30 months maximum at a relative humidity of 45% maximum)

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*Open storage (4 years maximum).

Exercising requirements, if required will also be included for each of the two LONG TERM storage conditions.

C.5.1.2 The Contractor shall include disassembly procedures, if required to meet requirements for the applicable transport mode of the CHU while installed on the truck. Overseas shipments require some disassembly/cube reduction to minimize shipped tons costs. Instructions will reflect all special requirements.

C.5.1.3 Where applicable, the Contractor will include packaging instructions for the Basic Issue Items (BII) and Components of the End Item (COEI). The BII shall be packed separately from the COEI.

C.5.1.4 Where applicable, the Contractor will include figures showing the stowage location and security provisions for the BII and COEI. The stowage locations shall deter pilferage and shall not interfere with lifting, tie down or other transportation handling requirements.

C.5.1.5 The Contractor shall provide revisions to the S&S Instructions for each design change affecting the shipping configuration, weight, or transportability. The Contractor shall also provide revisions to the S&S Instructions for each logistics change affecting packaging instructions for BII or COEI. When specified, The contractor shall update Shipment & Storage Instructions to support improvements in processing methodology.

C.5.1.6 The Contractor shall validate S&S Instructions. Validation for S&S Instructions shall verify the adequacy of the preservation, packaging, packing and stowage of BII/COEI, and the preservation procedures for shipment and storage, and Government representative will verify and witness contractors validation.

C.6 SAFETY

C.6.1 Safety Engineering Principles and Program. The contractor shall follow good safety engineering practices as established by the industry consensus standards and other pertinent regulations. The contractor may use the attached Safety System Program Guide (Attachment 4) to establish this program. The contractor shall establish a system safety organization or function with lines of communication between system safety and other functional elements of the program to include overall management. The system safety organization should have the authority, or shall have the means, to acquire the authority for resolution of identified hazards.

C.6.2 Safety Assessment Report (SAR)

a. As a result of system safety analyses, health hazard evaluations such as the Health Hazard Assessment Report, and any independent testing, the contractor shall provide a safety and health hazard assessment. The safety and health hazard assessment shall identify all safety and health features of the hardware, system design and inherent hazards and shall establish special procedures and/or precautions to be observed by Government test agencies and system users.

b. The contractor shall prepare a Safety Assessment Report in accordance with DI-SAFT-80102B, CDRL A006 and this paragraph. The contractor shall identify all Safety and Health Hazards associated with the system and incorporate them into the SAR. In preparing the hazard list portion of the Safety Assessment Report, the contractor shall provide a description and effects of each potential or actual safety and health hazard of the CHU as well as when the hazard may be expected under normal or unusual operating or maintenance conditions. Identify actions taken to mitigate the risk associated with the hazards and categorize these risks before and after mitigation in accordance with the attached System Safety Program Guide. Risks must be identified by hazard severity, hazard probability and risk level. Mitigation actions include recommended engineering controls, equipment, and/or protective procedures to reduce the associated risk. Include in the SAR copies of the Material Safety Data Sheets (MSDS) for all hazardous materials incorporated into the system. The final updated SAR is subject to TACOM approval. Examples of hazards to be included in this report, but not limited to, are compliance issues with regulatory organizations, confined spaces, fire prevention issues, ergonomic hazards, sharp edges/moving parts, physical hazards (heat or cold stress, acoustical energy, etc.), chemical hazards (flammables, corrosives, carcinogens, etc.), toxic fumes (exhaust emission hazards), electrical issues, and noise.

C.6.3 Health Hazard Assessment (HHA). The Contractor shall prepare and submit a Health Hazard Assessment Report for the CHU. This report shall identify health hazards and make recommendations concerning engineering controls, equipment and /or protective procedures, to reduce the associated acceptable risk. Issues to be addressed within the report shall include but not be limited to noise, toxic gases, toxic chemicals, ionizing or non-ionizing radiation, heat and cold, shock and vibration to crew members, and chemicals identified in the Materiel Safety Data Sheets to be provided in the SAR. The format of the HHA shall be in accordance with DI-SAFT-80106B, CDRL A007.

C.7 Reserved

C.8 INTEGRATED LOGISTICS SUPPORT (ILS) PROGRAM

C.8.1 Integrated Logistics Support (ILS) Program (ILS). The contractor shall plan, manage, and execute an Integrated Logistics Support (ILS) program for the E-CHU.

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C.8.1.1.1 ILS Program Objectives.

a. Analyze the Logistics support requirements of the E-CHU.

b. Develop and deliver a CHU Logistics Support Package including: Technical Manual(s) Parts Provisioning Data and a Training Package.

c. Support Test of the CHU Logistics Support Package by supporting the CHU Hardware tests and the CHU Logistics Demonstration, Technical Manual Validations and Verifications.

C.8.1.2. In meeting these objectives, the contractor shall be responsible for planning, managing and ensuring ILS considerations are an integral part of the overall system development effort.

C.8.1.3 Logistics In-Process Reviews (IPRs)

a. The contractor shall host at their facility and support a minimum of two Logistics IPRs reporting progress on logistics products development, present logistics products for review and discuss and track issues and actions items for resolution. The initial IPR shall be held on or about 30 calendar days after contract award. Subsequent review shall be held 210 days after contract award. Contractor shall provide minutes and action items as required. (CDRL A001)

b. The contractors Logistics Management Information (LMI) Data Products & Summaries: parts provisioning data, training, packaging and publications data will be reviewed by the Government for accuracy and completeness. The contractor shall have available supportive material and maintenance rationale for all logistics data presented for the Governments review. These reviews shall be held on a quarterly basis at the contractor's facility. The contractor shall provide a meeting place, administrative support, office equipment and clerical support as required.

C.8.1.4 Logistics Analysis

C.8.1.4.1 The contractor shall conduct logistics and maintenance analysis on the CHU, its assemblies, sub-assemblies, spare parts, kits and tools to define optimal maintenance activities that fully support the CHU maintenance concept. This analysis shall be the basis for the development of the CHU Detailed Maintenance Plan (The CHU Maintenance Allocation Chart (MAC) to be placed in the CHU Technical Manual(s). This analysis shall be the basis for developing CHU Parts Provisioning Documentation, Technical Manual(s,) and Training.

C.8.1.4.2 All CHU Maintenance Planning shall be done using the Armys Two Level Maintenance concept. The Army Two Level Maintenance concept consists of Field and Sustainment Maintenance. Field Level Maintenance (FLM) performs all services and maintenance actions on the system. Sustainment Maintenance (SM) performs on-bench or production line repair work of components that have been removed from the system.

C.8.1.4.3 Maintenance Task List. The contractor shall analyze the CHU design and identify all the Operator and Maintenance tasks required to operate, service and maintain the CHU. The contractor shall prepare an Operator and Maintenance task list in a Microsoft Office or compatible spreadsheet format. The spreadsheet shall contain at a minimum, the task title, maintenance level to perform the task, the task frequency (predicted occurrences of the task per system per year defined to two (2) decimal places), task time and special tools identified. The contractor shall deliver the completed task list for review 60 days after contract award. The contractor shall assign maintenance procedures and provisioning codes based on the approved task list. (CDRL A014)

C.8.1.5 Logistic Support Products.

C.8.1.5.1 ILS Support - Technical Manuals (deliverables). The Contractor shall prepare and deliver a new Field level CHU Technical Manual, TM 9-2320-xxx-13&P in Work Package (WP) format utilizing MIL-STD-40051-2, Preparation of Digital Technical Information for Page-based Technical Manuals and MIL-HDBK-1222C, Work Package Style and format. The Draft Equipment Publication (DEP) review delivery shall be five 2-sided hard copies printed directly from the electronic files to be used for Ver/LD. The Final Draft Equipment Publication (FDEP) deliverables shall be an intelligent, linkable PDF file w/blanks (on CD) of the complete TM w/matching running sheets (Excel file), two 2-sided paper review copies printed directly from the final PDF. Also all source files w/graphics shall be delivered on separate CD. TM designator, authentication block number, PN and IDN will be furnished by the Government (CDRL A015).

C.8.1.5.2 Manual Validation. The Contractor shall insure the complete accuracy and usability of the manual procured under this contract by conducting a 100% validation. The Contractor shall maintain adequate validation records. The Government reserves the right to witness the validation and to verify the Contractors validation records at any time during the contract performance period.

C.8.1.5.3 Validation method is at the discretion of the Contractor, however, the Government reserves the right to require hands-on task performance of selected operation and maintenance procedures in a non-destructive mode. Required validation shall be conducted at the Contractors facility. The Contractor will be responsible for all validation support. The Contractors validation schedule will be discussed at the first IPR.

C.8.1.5.4 Manual (Logistics Demonstration) LD/Verification. The Contractor shall make available a validated draft technical manual

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including RPSTL and operational links for the purpose of conducting a combined LD/verification. The verification will test the usability and adequacy of the validated procedures for the target mechanics including tool requirements, facilities and time estimates in the MAC. The Logistics Demonstration will validate the accessibility of the CHU for maintenance procedures.

C.8.1.5.5 Combined LD/verification is as a Contractor supported function to be performed by Government target audience at a date and time mutually agreed to and consistent with the Final Draft Manual delivery date specified in CDRL B015. The Contractors LD/Verification schedule will be discussed with the Government 30 days prior to the start of LD/verification. The Contractor shall provide the facilities, tools and parts necessary for non-destructive verification of the technical manual procedures. (See Paragraph C.8.5.8)

C.8.1.5.6 Updates to manuals prior to final draft. At no additional cost to the Government, the Contractor shall incorporate changes, additions and deletions resulting from Production Verification Testing, IPRs, validation, and the LD/verification process identified above. The final manual delivered under this contract shall reflect the Government approved CHU configuration.

C.8.1.5.7 Changes to delivered or published manuals. Changes to manual data resulting from approved Government actions that occur after Final Draft Manual delivery or official Government printing/distribution will be negotiated with the Contractor and initiated as a modification to this contract.

C.8.1.5.8 NMWRs, if needed for Sustainment Level maintenance will be negotiated separately.

C.8.1.5.9 ILS Support - Technical Bulletin (TB). The Contractor shall prepare and deliver a new E-CHU Installation Technical Bulletin in Work Package (WP) format utilizing MIL-STD-40051-2, Preparation of Digital Technical Information for Page-based Technical Manuals and MIL-HDBK-1222Cm Work Package Style and format. The Bulletin shall cover installation of both the HEMTT E-CHU and the PLD E-CHU. The Draft review delivery shall be five 2-sided hard copies printed directly from the electronic files to be used for Ver/LD. The final Draft deliverables shall be an intelligent, linkable PDF file w/blanks (on CD) of the complete TB w/matching running sheets (Excel file), two 2-sided paper review copies printed directly from the final PDF. Also all source files w/graphics shall be delivered on separate CD. TB designator, authentication block number, PIN and IDN may be furnished by the Government if the government decides to formally publish the TB. (CDRL A016).

C.8.1.6 Provisioning Program. The Contractor shall identify all parts and components for the Container Handling Unit (CHU) and build PMR records accordingly. The provisioning program for the CHU requires the Contractor to develop a database that will provide the Government with data IAW Attachment A. The provisioning program creates the Provisioning Master Record (PMR) which is stored on the government database. The data the Contractor provides will be added under the PCCN: CHEMT2, PLISN: AAAAU, and UOC/PCC of LHU for the HEMTT; and PCCN: CPLTRK, PLISN: AAAAE, and UOC/PCC of PCH for the PLS. The PMR will contain all data for the assemblies, sub-assemblies, spare parts and kits to include Components of the End Item (COEI), Basic Issue Items (BII), Expendable Materiel and Items List (EMIL) Additional Authorized Items (AAL), and Special Tools required to support the CHU.

C.8.1.6.1 Logistics Management Information (LMI) Data Products/Provisioning Parts List (PPL) (DI- ALSS-81529, & 81530)
Attachment 1 - CDRL A017 (For guidance see MIL-STD-1388-2B, 036 Report).

a. The Contractor shall build provisioning data for the CHU using the PCCNs CHEMT2 and CPLTRK Provisioning Master Record (PMR) accordingly. The Contractor shall add items under the PCCN CHEMT2 and UOC of LHU and CPLTRK and UOC of PCH that will include the most recent production configurations, Design Change Notices (DCNs), Engineering Change Proposals (ECPs) and Vendor & Manufacturer parts information changes. The Contractor shall prepare and deliver an LMI data product.

b. The contractor shall enter with each LMI Data Product the Next Higher Assembly (NHA) Genesis. The contractor shall identify, at a minimum the immediate NHA PLISN, the NHA drawing of the XC and the End Item PLISN with the proper Indenture Code and overhaul quantities for each item identified as a NHA having a Source Code of P. For non-P coded items only the NHA and Indenture Codes are required.

c. The Contractor shall provide with each LMI Data Product the overhaul quantities for each item as follows: Identify the immediate NHA PLISN, The End Item PLISN: AAAAU for CHEMT2 and AAAAE for CPLTRK, its Indenture code and an Overhaul Quantity.

d. A provisioning schedule for the program shall be presented by the Contractor at the ILS Start of Work meeting (SOW). The provisioning schedule shall provide an estimate of the items to be provisioned and the number of conferences required. A brief conference may be called by either the Government or the Contractor to clarify any questions in regards to provisioning requirements, In-process Reviews (IPRs) may be held to review the Contractors progress. Provisioning reviews shall commence with the first logistics IPR (Approx 30 days after contract award) and continue until the CHU initial provisioning is complete. The contractor shall hold a final provisioning conference within 30 days of completion of Hardware testing and Logistics Demonstration.

e. Provisioning submittals shall not be less than 100 items or exceed more than 750 CHU Unique items.

C. 8.1.6.2 Logistics Management Information Summaries/Pre-procurement Screening (DI-ALSS-81530, CDRL A018) (For guidance see DI-V-7016F)

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a. The Contractor shall conduct pre-procurement screening for all items to be provisioned. Drawings and technical data are not required for items accompanied by a copy of pre-procurement screening which indicates the item has a valid National Stock Number (NSN).

b. The Contractor shall have at each provisioning conference Review the following:

(1) Two hard copies of your LMI Data Product. Two copies of the LSA 036 Report Provisioning Parts List (PPL) format are acceptable.

(2) Two copies of the tech data for each part listed on the LMI Data Product Report that does not have an NSN.

c. The Contractor shall insure that all submitted LMI Data Products are compatible with our Commodity Command Standard System (CCSS)/Provisioning On Line System (POLs), ADSM-18-LEA-JBE-ZZZ-UM-06. The data shall be capable of being loaded into the Government Provisioning Master Record (PMR) without any modification to the data.

d. The Contractor shall correct rejects within 7 days after notification of noted problems. The corrections shall be made formatted IAW Attachment A. Media Format Delivery for LMI Data Products.

C. 8.1.6.3 Logistics Management Information Products/Supplementary Provisioning Technical Documentation (SPTD)/Drawings (DI-ALSS-81530 - CDRL A019) For guidance see Supplementary Provisioning Technical Documentation (SPTD) DI-V-7000A.

The Contractor shall have available at each provisioning Conference/ Logistics IPR two hard copies SPTD/drawing for each item on the PPL for our review. These drawings shall include a parts list, detail and assembly drawings, interface control data, diagrams, performance characteristics and details of material for each Assembly, Sub-Assembly and Spare Parts on the CHU system.

- a. The drawings/tech data shall be in Provisioning List Item Sequence Number (PLISN) sequence.
- b. After approval of each drawing/tech data as being suitable for NSN assignment, the drawing shall be submitted on a CD in Adobe Acrobat PDF file, 30 days after completion of each Provisioning Review.
- c. Text on all drawings/tech data shall be in the English Language.
- d. Contractor shall have all approved vendor Commercial and Government Entity (CAGE) Code typed, stamped or written legibly with an authorized signature and date cited on all drawings/tech data.
- e. Substitutes for drawings/tech data, such as commercial catalogs or catalog descriptions, sketches or photographs with brief descriptions or dimensions, material, mechanical, electrical or other descriptive characteristics) do not apply. Use of such data substitutes is permitted only by exception, on a case by case basis, by the responsible Provisioning/Cataloging representative.

C. 8.1.8 Logistics Demonstration (LD) Testing for the Logistics Support Package. The Contractor shall support a government conducted, joint Logistics Demonstration (LD) concurrently with the Technical Manual Verification. The Contractor shall provide facilities to support the LD. These facilities shall include a shop area for lifting operations and all tools and diagnostic equipment required to perform all operations and maintenance tasks, to include the installation of the E-CHU on a PLS and HEMTT LHS. The Contractor shall supply CHU familiarization, all technical manuals, consumable supplies, and parts special and common tools likely to be used or consumed in performing the LD tasks. The LD will be jointly performed by Government personnel and Contractor personnel if required. It may include multiple performances of all scheduled maintenance tasks. The LD will also include performance of not less than 50% of all non-scheduled tasks. The Government and Contractor shall informally decide tasks and sequences; if there is disagreement, the final task choice will rest with the Government.

The objectives of the LD are:

- a. Review the system design and identify proposed design improvements, addressing maintainability (time or ease to perform maintenance), Reduction of Special Tools and improve safety, and operability. A special emphasis will be placed on reducing time to perform scheduled maintenance. The LD team will document these recommendations in an IPT approved format. The Contractor and Government recommendations will be presented to the next IPT after completion of the LD.
- b. Record and validate critical logistics data related to the performance of operations, services, and maintenance tasks performed as part of the LD.

C.9 TRANSPORTABILITY

C.9.1 Transportability Report. The contractor shall submit a transportability report for the end item per DI-PACK-80880B (CDRL A020). This information shall include engineering descriptions of lifting and tie-down provisions including type, location, strength, and all CHU/vehicle accessory dimensions including GW, length, width, height, loads and locations, and CG at GW.

C.10 HAZARDOUS MATERIALS MANAGEMENT

C.10.1 Hazardous Materials Management Program Report. The contractor shall prepare a Hazardous Material Management Report which, at a minimum, shall identify all hazardous materials required for system production, and sustainment, including the parts/process that requires them. This report should be prepared in accordance with National Aerospace Standard 411, section 4.4.1 per DI-MISC-81397, CDRL

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C.10.2 Hazardous Materials. No asbestos, radioactive materials, mercury, hexavalent chromium (electroplating and coatings processes), cadmium (electroplating), or other highly toxic or carcinogenic materials as defined in 29 CFR 1910.1200 shall be used on the CHU without prior approval from the government. Class I and Class II Ozone Depleting Substances shall not be used.

C.11 MANPOWER & PERSONAL INTEGRATION (MANPRINT)

C.11.1 MANPRINT considerations shall be incorporated throughout the duration of this contract as follows:

C.11.2 Human Factors Engineering. Any modifications to the existing unit configuration shall be analyzed by qualified human factors engineering personnel to substantiate that the man-machine interface is not degraded by the change. If degradation occurs, appropriate actions will be taken to upgrade the changed area to its previous state as a minimum at no additional charge to the Government.

C.12 TRAINING

C.12.1 Training Support Package (TSP) (CDRL A022): The Contractor shall provide a Power-Point training package (Operator Level only) that consists of an Instructor Guide (IG) and a Student Guide (SG). The IG and SG shall address CHU safe operation and, if required Preventive Maintenance Checks and Services (PMCS). The Government will provide a sample format for the TSP at the Contract Start-of-Work meeting.

C.12.2 Training: The Contractor shall provide the following CHU training, all classes below will include training for both versions (PLS and HEMTT-LHS) of the CHU:

- a. PVT site: One (1) Operator class. Location YPG, Arizona
- b. Instructor & Key Personnel (I&KPT): One (1) Operator class and one installation class. Location TBD
- c. Class sizes shall not exceed twelve (12) students (Government will coordinate student attendance)

C.12.3 Government Furnished Training Equipment: The Government will provide one PLS, one PLS CHU kit, one HEMTT-LHS, one HEMTT-LHS CHU kit and 2 loaded ISO containers to support the required training.

C.12.4 Training Schedules: All training schedules shall be as mutually agreed to between the Government and the Contractor based on CHU delivery information.

*** END OF NARRATIVE C0002 ***

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SECTION E - INSPECTION AND ACCEPTANCE

E.1 PRODUCT ASSURANCE AND TEST

E.1.1 Quality Program/System. The Contractor shall develop, implement, and maintain a quality system acceptable to the Government for all supplies and services to be provided under this contract. The quality system shall, as a minimum, meet the requirements of ANSI/ISO/ASQ Q9001-2000 or an equivalent standard. Although not required, the Government recommends use of Quality System Requirements QS 9000 (or ISO/TS 16949) in lieu of the aforementioned requirement. Government approval of the Quality System is not required, if at the time of contract award, the Contractor is a Registrar Accreditation Board (RAB) certified/registered ANSI/ISO/ASQ Q9001-2000 or QS 9000/TS 16949 supplier. The Contractors Quality System requirements shall apply at the place of product in-process and final assembly. The quality system shall address all software and hardware contractual requirements. The quality system and manual shall follow the guidelines within ISO 9004:2000 or equivalent QS/TS guidance documents.

E.1.1.1 The Contractor shall have a supplier quality assurance program that defines the appropriate ANSI/ISO/ASQ Q9001-2000 or equivalent quality system requirements for each supplier. The Contractors supplier quality assurance program shall assure each supplier has a documented quality system which includes development, implementation, and maintenance of control plans for all supplied products. The Contractors supplier quality assurance program shall be documented as part of the quality manual or referenced within. It is suggested, as part of the contractors supplier quality assurance program, that a Suppliers Guide be developed and utilized in concert with purchase orders.

E.1.1.2 Prime Contractor's documentation verifying their review and acceptance of the subcontractors quality assurance system and control plans shall be made available for review upon Government request. If determined to be acceptable, the Prime Contractor should use the subcontractor's accepted system when conducting supplier quality audits. The Government reserves the right to perform quality audits/reviews at the prime contractors and subcontractors facilities as deemed necessary.

E.1.1.3 Quality Planning. The Contractor and subcontractors shall establish Product Quality Plans and Control Plans that define the steps necessary to ensure that the product meets the customers needs and expectations in a timely matter. The Contractor and subcontractors shall assign responsibility for organizing a cross-functional team to a member of their own management staff. The cross-functional team shall use a multi-disciplinary approach for decision making that utilizes quality planning and control plan techniques that ultimately define and document how the requirements for quality will be met. It is recommended that contractor and subcontractors utilize the current edition of the Automotive Industry Action Groups (AIAG) publication, Advanced Quality Planning & Control Plan (APQP) to develop requirements and associated processes. Team actions should include, but are not be limited to:

- a. Development/finalization of special characteristics.
- b. Development and review of both Design and Process Failure Mode and Effects Analysis (FMEAs).
- c. Development of control plans.
- d. Utilization of analytical tools for both the design and production phases.

NOTE: Cross-Functional teams typically include the supplier's design, manufacturing engineering, quality, production, purchasing, packaging, service, other personnel as required and, if applicable, sub-contractor participation.

E.1.1.4 Production Part Approval. The Contractor and subcontractors shall demonstrate that their processes have the capability of meeting design and/or specification requirements prior to the first shipment of product. The product(s) shall be validated in accordance with the control plan developed by the suppliers cross-functional team and approved by the Contractor. It is recommended that contractor and subcontractors utilize the current edition of AIAGs publication, Production Part Approval Process (PPAP) to develop their process for part submission and approval. The Government reserves the right to review any/all associated production part approval documents/records at its discretion.

E.1.2 Final Inspection Record (FIR). The contractor shall prepare a Government approved Final Inspection Record (FIR), in contractor format, in accordance with DI-QCIC-81068 (CDRL A008) for each CHU produced. The FIR should be organized to be compatible with assemblies, installation, and end item performance and acceptance. The FIR shall contain all examinations and tests that are performed on a single unit during its manufacture and final inspection.

The FIR shall list each CHU characteristic/function inspected to verify item conforms to contract requirements and is defect free. As a minimum, the FIR shall have blocks for the inspector's initials indicating that each characteristic or function was inspected and either accepted or rejected, and another block for re-inspection and acceptance of any rejected characteristic or function. Final review and acceptability shall be indicated by a signature block containing the full name and title of the company official rendering approval. Suggested guidance for FIR development/execution is contained in MIL-STD-40001A.

E.1.2.1 The FIR shall be continually updated to reflect all engineering and/or manufacturing changes that impact the FIR. The contractor shall submit the completed and certified copy of the FIR to the Government inspector with each item inspected and offered for acceptance by the Government. Deficiencies discovered and corrective actions applied during inspection by the contractor shall be described in writing and included as part of the FIR.

E.1.2.2 If the contractor determines that the FIR is not appropriate for final inspection of the end item for any reason, the contractor must obtain written approval from the Government prior to employing any other form for this purpose.

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E.1.3 First Article Test Requirements.

E.1.3.1 First Article Test Requirements under this contract consist of the following:

- a. First Production Unit Inspection (FPUI).
- b. Component First Article Test (CFAT).
- c. Production Verification Test (PVT).

E.1.3.2 First Article Approval Government Testing (FAR 52.209-4 Deviation)

a. The Contractor shall deliver First Article Test (FAT) units In Accordance With (IAW) this contract (see paragraph E.1.3.5.2). The shipping documentation shall contain this contract number and the CHU serial number.

b. Within 30 calendar days of completion of all First Article Tests (see paragraph E.1.3.1), the Contracting Officer shall notify the Contractor, in writing, of the conditional approval, approval, or disapproval of the first article. The notice of conditional approval or approval shall not relieve the Contractor from complying with all requirements of the specifications and all other terms and conditions of this contract. A notice of conditional approval shall state any further action required of the Contractor. A notice of disapproval shall cite reasons for the disapproval.

c. If the first article test is disapproved for not meeting the performance requirements of ATPD 2203 Rev G the Contractor, upon Government request, shall submit additional first article units and support, in the same level and manner as the original FAT, for testing at no additional cost to the Government. After each request, the Contractor shall make any necessary changes, modifications, or repairs to the first article unit or select another first article unit for testing. All costs related to these tests are to be borne by the Contractor, including any and all costs for additional tests and CHUs following disapproval of tests attributed to Contractor configuration as described in C.4.1.1 or interface deficiencies. The Contractor shall furnish any additional first article test items to the Government under the terms and conditions and within the time specified by the Government. The Government shall act on this first article within the time specified in paragraph (b) above. The Government reserves the right to require an equitable adjustment of the contract price for any extension of the delivery schedule, or for any additional cost to the Government related to these tests.

d. If the Contractor fails to deliver any first article units on time, or the Contracting Officer disapproves any first article, the Contractor shall be deemed to have failed to make delivery within the meaning of the default clause of this contract.

e. If the Government does not act within the time specified, the Contracting Officer shall, upon timely written request from the Contractor, equitably adjust under the changes clause of this contract the delivery or performance dates and/or the contract price, and any other contractual terms affected by the delay.

f. The Contractor is responsible for providing operating and maintenance instructions and spare parts support during any first article test.

g. Before first article approval, the Contracting Officer may, by written authorization, authorize the Contractor to acquire specific materials or components or to commence production to the extent essential to meet the delivery schedules. If first article tests reveal deviations from contract requirements, the Contractor shall make the required changes or replace all items produced under this contract at no change in the contract price.

h. The contractor shall produce both the first article and the production quantity at the same facility.

E.1.3.3 First Production Unit Inspection (FPUI).

E.1.3.3.1 The Government shall select one (1) PLS E-CHU and one (1) HEMTT-LHS E-CHU for FPUI. The units selected shall be subjected to inspections by both the Contractor and the Government IAW clauses of the contract and ATPD 2203 Rev G. The FPUI shall be initiated NLT 120 DAC and shall be completed prior to the shipment of the PVT units to the Government test site; FPUI units shall be used as PVT units. FPUI shall be considered part of the First Article Test requirement of this contract. The Contractor shall notify the Administrative Contracting Officer (ACO) and PM-HTV, in writing at least 30 calendar days prior to said inspection stating the time and location. At the time of said inspection, the Contractor shall make available to the Government representatives, all records of prior inspection, tests, Qualified Product List (QPL) documentation, vendor quality requirements, drawings, and certifications.

E.1.3.3.2 The contractor shall prepare a FPUI report IAW DID DI-NDTI-80809B (CDRL A009) and submit NLT 140 DAC. The Contracting Officer shall, by written notice to the Contractor within 20 calendar days after receipt of the Inspection Report, conditionally approve or disapprove, the FPUI. Final approval shall not be made by the Government until satisfactory completion of the PVT portion of the First Article Test (paragraph E.1.3.5). A notice of conditional approval shall state any further action required of the Contractor for the first production unit. A notice of disapproval shall cite reasons therefore.

E.1.3.3.3 If the FPUI is disapproved by the Government, the Contractor may be required, at the discretion of the Government, to repeat any or all of the FPUI. After notification of the additional inspections, the Contractor, at no increase in contract price, shall make

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any necessary changes, modifications, or repairs to the first production unit. The Government has the discretion to select another production unit for FPUI in lieu of the original first production unit. Upon completion of additional inspection, the Contractor shall again submit an inspection report. The Contractor shall bear the responsibility for delays resulting from additional FPUI. All discrepancies found during FPUI shall be corrected on the FPUI unit prior to start of PVT.

E.1.3.4 Component First Article Test (CFAT).

E.1.3.4.1 As a minimum, the contractor shall perform component first article tests for all components listed below:

- a. Lifting Frame Container Locks
- b. Rear Container Locks (if applicable)
- c. Lifting Frame Height Adjustment Mechanism
- d. Lifting Frame Bail Bar
- e. Lifting Frame hooks (if applicable)
- f. Rear Container Support Members

The Government reserves the right to be present at any such testing. The Contractor shall notify the Government a minimum of 20 days prior to conducting a test. Failure to notify the Government within the time limit may, at the Governments discretion, be grounds to reject the test. The test shall include a dimensional inspection that validates the component meets the associated design drawing/specification requirements. The approved CFAT procedures shall become the baseline test requirements of the components Quality Assurance Provisions. First Article Tests shall evaluate performance, durability, and environmental requirements. Component First Article test items shall be representative of items to be manufactured using the same process, facilities and procedures as will be used for contract production. The Contractor is responsible for all CFATs and notifying the Government of components requiring CFAT. Failure to submit a complete list and schedule to the Government will not relieve the Contractor of Component First Article Testing. Delays in schedule as a result of the Contractor's failure to identify the CFAT components requiring first article test will be the responsibility of the Contractor. The component First Article shall be inspected and tested to all requirements of the drawing(s), and/or specification(s). The Contractor shall specify the number of component units required to perform CFAT.

E.1.3.4.2 Component First Article Test Plan. The Contractor shall prepare and submit for Government approval, prior to the beginning of any CFAT, a recommended test/inspection plan for the first article item(s). CFAT shall be completed NLT 90 DAC. Individual First Article Test plans shall be submitted for Government review NLT 45 days after contract award IAW DID DI-NDTI-80566 (CDRL A010). The Government will have the right to witness all CFATs. The Contractor shall provide a list and time schedule of CFATs as part of this plan, including anticipated completion dates.

E.1.3.4.3 The Contractor shall submit all CFAT Report(s) NLT 120 DAC. Reports shall be identified CFAT. The CFAT report(s) shall include part number drawings and Quality Assurance Provisions. The CFAT report shall be prepared IAW MIL-STD-831 and DID DI-NDTI-80809B (CDRL A009). CFAT reports shall contain a matrix summary which tabulates each test/inspection performed, results of each test (pass/fail), corresponding page where data is located, Contractor position, and required corrective action (if any).

E.1.3.4.4 Conditional Acceptance of Components Pending CFAT Completion. The Contractor can use components in the manufacture of CHU production, pending successful completion of the CFAT for that component, provided:

- a. The Contractor agrees to successfully complete all of the CFAT tests.
- b. The Contractor shall rectify all deficiencies/discrepancies in each component that are identified during the subsequent CFAT testing, regardless of the location of each component.
- c. In the event that there is a CFAT failure during the period of time that the Contractor is authorized to use components, then the Government reserves its right to:

- (1) Not accept or cease acceptance, whether conditional or final.
- (2) Require the Contractor to repeat all, or a portion of, the PVT at the Contractor's expense.

E.1.3.4.5 Disapproval. If the CFAT is disapproved, the Contractor, upon Government request, shall repeat any or all CFATs. After such request for additional tests, the Contractor shall make any necessary changes, modifications or repairs to the First Article or select another First Article for testing. All costs related to these tests are to be borne by the Contractor, including any and all costs for additional tests following disapproval. The Contractor shall then conduct the tests and deliver another report to the Government under the terms and conditions and within the time specified by the Government. The Government shall take action on this report within the time specified. The Government reserves the right to require an equitable adjustment of the contract price for any extension of the delivery schedule, or for any additional costs to the Government resulting from these tests.

E.1.3.4.6 Changes. If the contractor makes changes to the technical data, production processes, facilities, and/or type of material, a subsequent CFAT may be required as determined by the Government. When either of the above conditions occurs, the Contractor shall notify the PCO/ACO and PM-HTV so that instruction for the submission, inspection and notification of results can be made. Costs of CFATs resulting from Contractor proposed technical data changes, production process change or material substitution shall be borne by the Contractor.

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E.1.3.4.7 Manufacture. The Component First Article offered for test(s) must be manufactured at the facilities in which that item(s) is to be produced under the contract. If the First Article is a component not manufactured by the Contractor, the component must be manufactured at the same facilities in which the component is to be produced for the contract. A certification by the Contractor to this effect must accompany each CFAT which is offered. In the event CFAT reveals deviations from contract requirements, the Contractor shall, at the location designated by the Government, make the required changes to the items, or replace all the items manufactured under this contract, at no change in contract price.

E.1.3.4.8 If not specified otherwise in the applicable specification or Quality Assurance Provisions or elsewhere in this clause, the First Article shall be taken from the first 10 units produced for this contract. In the event that the first 10 units of a lot are not available, the Government reserves the right to select the CFAT quantity from any lot. Subcomponent First Article Test requirements may be met during the performance of the First Article Test of a higher assembly, only if the required characteristics can be tested. If any characteristic of the subcomponent is not/cannot be tested during the higher assembly testing, the subcomponent shall be tested separately.

E.1.3.4.9 Component First Article Conditions. The CFAT requirement is considered to be met if the Contractor certifies that (1) the supplier has component First Article Approval on the identical part delivered for use in a previous item production contract with the Government and (2) the supplier has been a continuous supplier of the part (for purposes of this clause, a continuous supplier is defined as one which has not had a break in production in excess of one year, and the design and manufacturing/assembly process or place of manufacture have not been changed). If military/federal specifications are applicable to the component and changes to these documents have been implemented which may impact form, fit, function or performance; a First Article Test shall be accomplished. Further, if degradation of performance of the component is evident, as determined by the Government, a First Article Test will have to be accomplished.

E.1.3.5 Production Verification Test.

E.1.3.5.1 The PVT shall be conducted by the Government at a Government selected test site IAW ATPD 2203 Rev G. The units for testing are identified below. Delays caused by test unit incidents/failures due to poor unit quality or workmanship, failure of the Contractor to provide adequate test support IAW contractual requirements, or failure of the Contractor to comply with the CHU specification technical requirements shall not be the basis for adjustment of the contract delivery schedule or the contract price.

E.1.3.5.2 Requirements Applicable to Production Verification Test (PVT).

a. The test units, representative of production deliveries, shall be furnished to the Government test site(s) listed in the respective paragraphs. Transportation charges from the Contractor's plant to and from the test sites shall be the sole responsibility of the Contractor.

b. Under no circumstances shall any test unit be shipped from the Contractor's facility to the test sites until:

(1) A complete inspection has been performed on each unit by a Government team consisting of a formally designated representative of the ACO or a designated PM-HTV representative.

(2) All deficiencies disclosed by this Government inspection have been corrected by the Contractor and approved by the Government, as evidenced by the DD Form 250, signed by an authorized Government representative before shipment.

Table 1. CHU Test Item Location, Qty, and Test Type.

Test Site/Location	HEMTT CHU Qty.	PLS CHU Qty.	Type of Testing
CHU ILS Contractor	1	1	Log Demo
YTC/Yuma, AZ	2	2	PVT
Contractor	1	1	FPUI

E.1.3.5.3 Course Profiles. The Government intends to conduct PVT test miles on the courses identified below, at Yuma Proving Grounds, AZ. In addition, one unit will undergo fatigue testing on either a test fixture or truck during PVT. The CHUs shall be complete units loaded and serviced as specified in ATPD 2203 Rev G. The Government reserves the right, at its discretion, to test on different courses as long as they are at a level equal to or less than that specified below; dictated by the availability of test facilities or other program considerations. Test courses selected are considered representative of actual terrain profiles. Unless otherwise specified, performance shall be demonstrated as described in Table I, ATPD 2203 Rev E. Roads and courses are defined as follows:

a. Primary Road - Specified test mileage shall be performed on the course known as Yuma Proving Ground (YPG) Dynamometer Course.

b. Secondary Road - Specified test mileage shall be on the courses known as YPG Old Highway 95.

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c. Cross Country - All specified test mileage shall be performed on the courses known as YPG Truck Level, High Hills and Rolling Hills Cross Country Courses.

d. Trails - Specified test mileage shall be performed on the courses known as YPG Rock Ledge and Middle East Courses.

E.1.3.5.4. Contractor Test Support. The contractor shall furnish both technical representative support and spare parts support during PVT conduct at designated government test site at no cost to the government.

E.1.3.5.4.1 Parts storage will be provided at the test site for those spare parts the contractor would like to pre-position. Whether from pre-positioned spare parts on site or elsewhere, the contractor shall provide spare parts within 48 hours of a request from government test personnel. Pre-positioned spare parts shall arrive at the designated government test site NLT arrival of the CHU test units.

E.1.3.5.4.2 The contractor shall provide technical representative support during PVT conduct either full time, or within 48 hours of government request. In addition, the contractor shall be responsible for installation of CHU test units on designated trucks upon arrival of test units at the designated government test site.

E.1.3.5.5 Test Incident Reports (TIRs). During PVT, Test Incident Reports (TIRs) will be generated from the tester. The contractor shall be responsible for accessing computer databases (Vision Digital Library System (VDLS)) for all TIR data during Government testing. The contractor shall respond to TIRs as directed below with a Failure Analysis and Corrective Action Report (FACAR) per DI-RELI-81315(T) (CDRL A011). The response shall be submitted in electronic format that is compatible with the Army Test Incident Reporting System (ATIRS). Should a final response not be available within the designated time, an interim response is required for submittal. All final responses shall be submitted within 45 days of release date regardless of interim response status or incident classification. Submittal requirements are based on the TIR release date and are expressed in calendar days. The contractor shall coordinate with the TACOM Product Quality Manager for access to TIR database (VDLS) for the purpose of TIR retrieval.

E.1.3.5.5.1 Failure analysis and corrective action reports shall be submitted electronically to ATIRS/VDLS by the contractor within the specified time frames. Responses are required as follows:

Critical -72 hours after release date
Major - 15 days after release date
Minor - 30 days after release date
Informational - 30 days if requested by the Government

NOTE: Maintenance deferred TIRs may be initially classified as "Informational". Once maintenance is performed, the incident class will be changed as necessary and the appropriate response time shall apply.

E.1.3.5.5.2 Failure of the contractor to provide an interim or final FACAR within the required times shall be cause for the reduction or suspension of progress payments and/or suspension of product acceptance.

E.1.3.5.5.3 Corrective Action Review Board (CARB). The Contractor shall participate in all CARB(s) held during PVT. The Contractor shall be prepared to discuss their FACAR submittals, typically in terms of rationale of failure analysis and proposed corrective actions. All FACARs will remain open until closed by CARB action/authority based on the governments closure criteria.

E.1.3.5.5.4 Test Unit Modifications. No hardware changes may be applied to test units without written Government approval. All desired changes to test unit hardware or software shall be initiated by a Test-unit Work Authorization Document (TWAD) (Attachment 7), prepared and submitted to the Government by the Contractor. Included in the TWAD document shall be a description of the change, the need for the change, impact of the change, drawings, and instructions for installation. The Government will review and process this form within two (2) working days after receipt. Once a modification has been validated during testing, the Contractor shall initiate an ECP IAW contract requirements. The TWAD request form submitted to the designated Government representative shall be in Contractor format. Attachment 7 is a flow chart that defines the TWAD process.

E.1.3.5.6 Under no circumstances shall any test unit be shipped to the test site until a complete inspection utilizing the Final Inspection Record (E.1.2) has been performed on each unit by Government representatives and FIR, signed by both Government and contractor. All transportation costs necessary to ship test units to and from the test sites shall be the responsibility of the Government.

E.1.4 Quality Conformance Inspection (QCI). Each unit produced shall undergo a complete final inspection by the contractor to the degree necessary to assure a defect-free product. This inspection shall include those Section 3 requirements as referenced in ATPD 2203 Rev G, Table III. The QCI shall be conducted and documented using a contractor-prepared and Government-approved Final Inspection Record (FIR).

E.1.6 Test Failures. In the event of test failures during FPUI or PVT, the Government reserves the right to retest the CHU unit, upon correction of the deficiency(s) by the contractor, to the complete extent and duration specified in the applicable test program or to such lesser extent as the PCO shall consider appropriate. All retest costs, including but not limited to Government test site charges,

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travel expenses and daily per diem, incurred by Government personnel shall be borne by the contractor. The contractor shall bear responsibility for any schedule delays and all costs in the test program resulting from any unit deficiency or failure and for failure to adequately supply technical and parts support. The Government shall have the right to extend the test program accordingly for each contractor induced delay and all additional costs shall be borne by the contractor.

E.1.7 Certification Requirements. Certification for those items identified in Table I of ATPD 2203 Rev G, shall include the documentation reviewed and a statement of the depth of the examination and results. If the documentation being reviewed cannot be certified, the report shall so state and list the reasons; i.e., deficiencies, conflicting data and other applicable items. Certification shall be available for review by Government personnel at the time of FPUI.

E.1.7.1 In the event that particular certifications are not acceptable to the Government, the contractor shall conduct additional examinations/tests or provide additional documentation as required verifying the certification at no additional cost to the Government.

E.1.7.2 Recertification. The contractor shall provide a new certification whenever a change is made:

- a. In the process used to produce a certified product.
- b. In the legal requirement for a standard of a certified product.
- c. In the supplier of a certified product.
- d. In the event of a new contract/rebuy.
- e. in location of production facility.

E.1.7.3 Process Certification. Process certifications, when required, shall include:

- a. A written description of the process.
- b. Written instructions to those who conduct the process.
- c. Written instructions to those who assure the process occurs.

E.1.7.4 Material Certification. When a material certification is required, it shall include a copy of the material analysis and a statement of certification. All material purchased shall include a copy of the purchase order for review.

E.1.7.5 Test Certification. When a test certification is required, it shall include the following information as substantiation:

- a. Drawing number.
- b. Specification title, number and edition.
- c. Grade or type for which the product was tested.
- d. Number of specimens tested.
- e. Requirements and actual results obtained.
- f. Purchase orders for subcontracted products.
- g. Statement of Certification

Subcontracting does not relieve the contractor of providing the above information as part of the certification.

E.1.7.6 Data Review Certification. When a data review certification is required, it shall be provided as cited in E.1.3.11.

E.1.7.7 Compliance Certification. When a compliance certification is required, it shall be provided, to the specific contract requirements, with a statement indicating that the contractor complies.

E.1.8 Inspection Equipment. Except as otherwise expressly provided for under this contract, the contractor is responsible for the supply and maintenance of all inspection and test equipment necessary to insure that the end item/components conform to contract requirements. All contractor inspection equipment shall be available for use on or before the start of production. The contractor shall make inspection equipment available to the Government Inspector, upon request, for end item or component inspection. Upon completion of the inspection by the Government Inspector, all inspection equipment will be returned to the contractor. All inspection and test equipment used by the contractor shall be included in a Calibration System as part of the Quality System.

E.1.9 Certified Final Fixture. The contractor shall develop, implement and maintain a certified fixture to measure completed CHUs for critical dimensions and warpage. The interface dimensions consist of, but are not limited to items listed in E.1.2.

E.1.10 Welding Requirements.

E.1.10.1 Welding Design. The Contractor shall ensure that all steel and aluminum weldments meet the design and fabrication requirements in American Welding Society (AWS) D 1.1 and (AWS) D1.2 or approved equivalent.

E.1.10.2 Welding Procedures. Prior to production, the Contractor is responsible for developing welding procedures IAW American Welding Society (AWS) weld code requirements or Government approved equivalent and submit the Contractors draft version to the procuring activity for approval (CDRL A012). The use of pre-qualified weld joints as specified in AWS D1.1 does not preclude submittal of welding procedures. Repair welding of defective parts shall require Government approval and a written procedure identifying proper technique and approach to correct defective product. The Contractor, at their option, can utilize the UDLP/TACOM Ground Combat Welding codes for Qualifying and repair of non-ballistic or ballistic welding processes. The UDLP/TACOM Ground Combat Welding Code can be obtained by written request to: Commander, US Army Tank-automotive and Armaments Command

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ATTN: SFAB-CSS-TV-H, MS #429
Kirk Rogers
6501 E. 11 Mile Road
Warren, MI 48397-5000

E.1.10.3 Alternate Welding Standards. The Contractor may utilize alternate standards or codes once the Contractor or the Contractors suppliers have demonstrated that equivalent or better quality and performance can be obtained by their use. It is the Contractors responsibility to demonstrate such equivalence. If the Contractors component supplier will not release specific proprietary information, the Government reserves the right to conduct an on-site review of the Contractors suppliers quality system and weld processes to verify his/her capability of producing acceptable welds. The Government must approve the use of any and all such alternative weld standards and specifications prior to the start of production. The demonstrated equivalent shall be verified prior to fabrication of any production weldment.

E.1.10.4 Previously Qualified Procedures. If the Contractor previously qualified welding procedures under another DOD contract, the PCO may waive the requirements of paragraphs E.1.10.2 and E.1.10.3. The Contractor must submit such a request to the PCO in writing, identifying the previous contract(s) under which the Contractor qualified procedures that produced acceptable workmanship specimens. The Contractor may use previously qualified weld procedures provided all the following requirements are met:

- a. The weld procedure was qualified and approved on a previous DOD contract
- b. The Contractor has certified welders and equipment
- c. There was no break in production for more than six months
- d. A favorable quality history

If the Contractor meets these requirements, and wants approval to use previously qualified weld procedures, the Contractor must submit a written request to the PCO. The request shall contain proof of previous qualifications and a summary of the Contractors quality history (CDRL A013).

E.1.10.5 Welder Qualification. Before the Contractor or their suppliers assign any welder/operator to perform manual, semi-automatic, or automatic welding, the Contractor shall ensure that all welding equipment used in the performance of this contract has been certified and that the Contractors welders/operators have passed qualification testing as prescribed in the applicable qualification standard identified in paragraphs E.1.15.2 or E.1.15.3.

E.1.10.6 Visual Weld Inspection. The Contractor shall verify weld quality and workmanship using qualified inspectors trained to perform these inspection functions. Acceptable qualification of the Contractor inspectors may be based on:

- a. current or previous certification as an AWS Certified Welding Inspector; or
- b. current or previous certification by Government approved equivalent; or
- c. inspection performed by an engineer or technician who is competent in the use of weld inspection techniques and equipment, on the basis of well documented, formal training or experience, or both, in metals fabrication, inspection, and testing.

E.1.11 Product Quality Deficiency Reports - Field Generated. The contractor shall investigate and provide failure analysis and corrective action to all Product Quality Deficiency Reports (PQDR's), Standard Form 368, generated against supplies produced under this contract. The contractor shall provide a report which includes the nature of the investigation, root cause, action taken to correct the deficiency, action taken to prevent recurrence, remedial action, identification of affected material, date of full implementation of corrective action and/or interim action. The proposed effectivity point shall be identified by CHU serial number. All costs related to PQDR investigations including, but not limited to: lab analysis, exhibit transportation/shipping, replacement hardware, etc. are the contractor's responsibility. All PQDR investigations that identify deficiencies attributable to contractor workmanship and/or product nonconformance, the contractor shall provide replacement components as deemed appropriate by the Government PQDR Action Officer. Corrective actions requiring configuration changes shall follow the Configuration Management requirements as specified in C.4.

E.1.11.1 A final written response, in contractor format, shall be submitted for each PQDR received. If a final response is not ready for submittal, the contractor shall submit an interim response detailing the status of the investigation. The response should report on the nature of the investigation, root cause, action taken to correct the deficiency, action taken to prevent recurrence, remedial action, identification of affected material, date of full implementation of corrective action, interim action and contractor's position with respect to repair or replacement parts.

E.1.12 Qualified Products. Certain specifications referenced in this contract have a Qualified Product List (QPL). The contractor shall utilize items only from vendors specified in the applicable QPL. The contractor shall document the acquisition of all QPL items with listing of suppliers, quantity, date of QPL, in addition to purchase order. Such QPL documentation shall be made available to the Government upon request.

E.1.13 Changes In Suppliers. If the contractor elects to change sources of supply after approval of the First Production Unit Inspection (FPUI), the Government shall be notified. In the event of a deficiency detected on the new suppliers product based on poor workmanship or a non-conformance, the Government reserves the right to require the contractor to conduct additional tests/examinations as it deems necessary. All costs associated with additional tests/examinations shall be the contractor's responsibility. Any

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production or delivery delays caused by retesting will not be considered an "excusable delay" under the default clause. Further, such delays shall not form the basis for an upward adjustment in contract price or an extension to the delivery schedules.

E.1.14 Drawings For Inspection. When requested, the contractor shall make available to the Government Representative, legible drawings and printed specifications to which the product was manufactured. These drawings and specifications shall be annotated to the latest revision incorporated herein. Upon completion of production inspection and acceptance by the Government Representative, all drawings and specifications will be returned to the contractor.

E.1.15 Material Review Board (MRB). The contractor shall establish a MRB (and associated procedures/processes), whose function is to determine the disposition non-conforming material (product, processes, etc.). A designated Government representative shall be a member of the MRB. Typical disposition classifications include, but are not limited to: scrap, repair, rework, return to vendor, and use-as-is. Government approval shall be required for MRB actions dispositioned as repair or use-as-is. The Government reserves the right to review any/all MRB actions at its discretion.

E.1.15.1 Both standard and nonstandard repair procedures shall include instructions for reprocessing material after repair and shall specify all contractor inspections required. The Government shall review and concur on all proposed repair procedures. The contractor shall not consider a new standard or non-standard repair process until all assignable causes of variance or omitted processes (or process steps) have been eliminated and corrected. The Government's review or concurrence of a repair procedure shall not bar the Government's right to reject the material if the Government determines that the repair does not adequately correct the non-conformity to an acceptable level.

E.1.15.2 Definitions.

a. Critical Non-conformance. A non-conformity that is; likely to cause a hazardous/unsafe condition for individuals operating/maintaining/transporting the item and/or will likely result in catastrophic failure/damage to the item.

b. Major Non-conformance. A non-critical non-conformity that is likely to prevent performance of essential mission functions, and/or likely to cause degraded usability of the item for its intended purpose.

c. Minor Non-conformance. A non-major/critical non-conformity that is NOT likely to cause degraded usability of the item for its intended purpose and/or is a departure from established standards; having minimal effect on: form, fit, function, maintainability, reliability, durability, and performance of the item.

d. Repair Disposition. Repair is the use of an approved procedure/process designed to reduce, but not completely eliminate the non-conformance and render the materiel fit for use. Government approval is required to accept this disposition.

e. Rework Disposition. Rework is the reprocessing of non-conforming materiel to make it conform completely to contract requirements.

f. Use-As-Is Disposition. Use-As-Is is a disposition of materiel with one or more minor non-conformities that have been determined (by MRB) to be usable for its intended purpose in its existing condition. Government approval is required to accept this disposition.

E.1.15.3 In the case of repair and use-as-is MRB dispositions, the contractor shall submit only minor non-conformities for Government approval. In all cases, the onus is on the contractor to provide adequate proof the materiel is usable.

E.1.15.4 A Government review of the contractors MRB process shall be executed before the MRB process can be initiated. At any time during contract execution it is determined that the contractor has submitted unacceptable dispositions or exceeded their authorization, MRB authority may be suspended or the contractor placed on probation. Examples of reasons for suspension or probation are:

- a. Processing of critical or major non-conformities as repair or use-as-is.
- b. Processing minor non-conformities without board member and Government representative signatures.
- c. Inadequate engineering analysis.
- d. Lack of permanent corrective action.
- e. Lack of non-conforming materiel identification and isolation.
- f. Misuse of standard repairs.

If the contractors MRB authority is suspended or the contractor is placed on probation, the contractor shall provide a corrective action, acceptable to the Government, which addresses the causal factors relative to the suspension/probation action.

E.1.15.5 The contractor shall develop and maintain a data system for recording and analyzing nonconformance information. Typical data captured/analyzed are:

- a. Quantity of nonconforming items
- b. Recurrences (number and type)
- c. Cause determinations
- d. Corrective actions (status and delinquent actions)

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- e. Dispositions (number and type)
- f. Costs related to each type of disposition (rework, repair and scrap)

E.1.16 Corrective Action Board (CAB).
The contractor shall establish a CAB consisting of management representatives of appropriate contractor organizations with the level of responsibility and authority necessary to assure that the root cause(s) of nonconforming material (product, process, etc.) has been identified and that corrective actions are timely and effective throughout the contractor's organization. The CAB shall have the authority to require investigations and studies necessary to define essential corrective actions which will result in reducing costs associated with scrap, rework and repair, and reductions in the amount of nonconforming material (product, process, etc.). The contractor shall develop minutes and/or reports associated with CAB activities which are acceptable to the Government. The Government reserves the right to participate in, or become a member of, the CAB.

E.1.17 Failure Analysis, Root Cause, and Corrective Action Request. The contractor shall perform Failure Analysis, Root Cause, and Corrective Action for deficiencies identified during fielding/deprocessing when requested in writing by a Government representative. Failure Analysis, Root Cause, and Corrective Actions shall be documented and provided for government review upon request.

*** END OF NARRATIVE E0002 ***

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SECTION I - CONTRACT CLAUSES

Status	Regulatory Cite	Title	Date
I-1 ADDED	52.227-1	AUTHORIZATION AND CONSENT - ALTERNATE I	APR/1984
I-2 DELETED	52.227-1	AUTHORIZATION AND CONSENT	JUL/1995
I-3 DELETED	52.227-3	PATENT INDEMNITY	APR/1984
I-4 ADDED	252.227-7013	RIGHTS IN TECHNICAL DATA--NONCOMMERCIAL ITEMS	NOV/1995
I-5 ADDED	252.227-7016	RIGHTS IN BID OR PROPOSAL INFORMATION	JUN/1995
I-6 ADDED	252.227-7025	LIMITATIONS ON THE USE OR DISCLOSURE OF GOVERNMENT-FURNISHED INFORMATION MARKED WITH RESTRICTIVE LEGENDS	JUN/1995
I-7 ADDED	252.227-7030	TECHNICAL DATA--WITHHOLDING OF PAYMENT	MAR/2000
I-8 ADDED	252.227-7037	VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA	SEP/1999
I-9 ADDED	252.227-7039	PATENTS--REPORTING OF SUBJECT INVENTIONS	APR/1990
I-10 ADDED	252.246-7001	WARRANTY OF DATA	DEC/1991
I-11 CHANGED	52.227-12	PATENT RIGHTS--RETENTION BY THE CONTRACTOR (LONG FORM)	JAN/1997

(a) Definitions. Invention means any invention or discovery which is or may be patentable or otherwise protectable under title 35 of the United States Code or any novel variety of plant that is or may be protectable under the Plant Variety Protection Act (7 U.S.C.2321, et seq.).

Made when used in relation to any invention means the conception or first actual reduction to practice of such invention.

Nonprofit organization means a domestic university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.

Practical application means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

Small business firm means a small business concern as defined at section 2 of Pub. L. 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standards for small business concerns involved in Government procurement and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, will be used.

Subject invention means any invention of the Contractor conceived or first actually reduced to practice in the performance of work under this contract; provided, that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act, 7 U.S.C. 2401(d)) must also occur during the period of contract performance.

(b) Allocation of principal rights. The Contractor may elect to retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the Contractor elects to retain title, the Federal Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

(c) Invention disclosure, election of title, and filing of patent applications by Contractor.

(1) The Contractor shall disclose each subject invention to the Contracting Officer within 2 months after the inventor discloses it in writing to Contractor personnel responsible for patent matters or within 6 months after the Contractor becomes aware that a subject invention has been made, whichever is earlier. The disclosure to the Contracting Officer shall be in the form of a written report and shall identify the contract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, operation, and physical, chemical, biological, or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale, or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to the Contracting Officer, the Contractor shall promptly notify the Contracting Officer of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the Contractor.

(2) The Contractor shall elect in writing whether or not to retain title to any such invention by notifying the Federal agency at the time of disclosure or within 8 months of disclosure, as to those countries (including the United States) in which the Contractor will retain title; provided, that in any case where publication, on sale, or public use has initiated the 1-year statutory period wherein valid patent protection can still be obtained in the United States, the period of election of title may be shortened by the agency to a date that is no more than 60 days prior to the end of the statutory period.

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- (3) The Contractor shall file its initial patent application on an elected invention within 1 year after election or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The Contractor shall file patent applications in additional countries (including the European Patent Office and under the Patent Cooperation Treaty) within either 10 months of the corresponding initial patent application or 6 months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.
- (4) Requests for extension of the time for disclosure to the Contracting Officer, election, and filing may, at the discretion of the funding Federal agency, be granted, and will normally be granted unless the Contracting Officer has reason to believe that a particular extension would prejudice the Governments interest.
- (d) Conditions when the Government may obtain title. The Contractor shall convey to the Federal agency, upon written request, title to any subject invention --
- (1) If the Contractor elects not to retain title to a subject invention;
- (2) If the Contractor fails to disclose or elect the subject invention within the times specified in paragraph (c) above (the agency may only request title within 60 days after learning of the Contractors failure to report or elect within the specified times);
- (3) In those countries in which the Contractor fails to file patent applications within the time specified in paragraph (c) above; provided, however, that if the Contractor has filed a patent application in a country after the times specified in paragraph (c) above, but prior to its receipt of the written request of the Federal agency, the Contractor shall continue to retain title in that country; or
- (4) In any country in which the Contractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding on, a patent on a subject invention.
- (e) Minimum rights to Contractor.
- (1) The Contractor shall retain a nonexclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title except if the Contractor fails to disclose the subject invention within the times specified in paragraph (c) above. The Contractors license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and includes the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license is transferable only with the approval of the funding Federal agency except when transferred to the successor of that part of the Contractors business to which the invention pertains.
- (2) The Contractors domestic license may be revoked or modified by the funding Federal agency to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in the Federal Property Management Regulations and agency licensing regulations (if any). This license shall not be revoked in that field of use or the geographical areas in which the Contractor has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of the funding Federal agency to the extent the Contractor, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.
- (3) Before revocation or modification of the license, the funding Federal agency shall furnish the Contractor a written notice of its intention to revoke or modify the license, and the Contractor shall be allowed 30 days (or such other time as may be authorized by the funding Federal agency for good cause shown by the Contractor) after the notice to show cause why the license should not be revoked or modified. The Contractor has the right to appeal, in accordance with applicable agency licensing regulations and 37 CFR 404 concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of its license.
- (f) Contractor action to protect the Governments interest.
- (1) The Contractor agrees to execute or to have executed and promptly deliver to the Federal agency all instruments necessary to --
- (i) Establish or confirm the rights the Government has throughout the world in those subject inventions to which the Contractor elects to retain title; and
- (ii) Convey title to the Federal agency when requested under paragraph (d) above and subparagraph (n)(2) below, and to enable the Government to obtain patent protection throughout the world in that subject invention.
- (2) The Contractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Contractor each subject invention made under contract in order that the Contractor can comply with the disclosure provisions of paragraph (c) above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Governments rights in the subject inventions. This disclosure format should require, as a minimum, the information required by

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subparagraph (c)(1) above. The Contractor shall instruct such employees through employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(3) The Contractor shall notify the Federal agency of any decision not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response period required by the relevant patent office.

(4) The Contractor agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a subject invention, the following statement: This invention was made with Government support under (identify the contract) awarded by (identify the Federal agency). The Government has certain rights in this invention.

(5) The Contractor shall establish and maintain active and effective procedures to assure that subject inventions are promptly identified and disclosed to Contractor personnel responsible for patent matters within 6 months of conception and/or first actual reduction to practice, whichever occurs first in performance of work under this contract. These procedures shall include the maintenance of laboratory notebooks or equivalent records and other records as are reasonably necessary to document the conception and/or the first actual reduction to practice of subject inventions, and records that show that the procedures for identifying and disclosing the inventions are followed. Upon request, the Contractor shall furnish the Contracting Officer a description of such procedures for evaluation and for determination as to their effectiveness.

(6) The Contractor agrees, when licensing a subject invention, to arrange to avoid royalty charges on acquisitions involving Government funds, including funds derived through Military Assistance Program of the Government or otherwise derived through the Government, to refund any amounts received as royalty charges on the subject invention in acquisitions for, or on behalf of, the Government, and to provide for such refund in any instrument transferring rights in the invention to any party.

(7) The Contractor shall furnish the Contracting Officer the following:

(i) Interim reports every 12 months (or such longer period as may be specified by the Contracting Officer) from the date of the contract, listing subject inventions during that period and stating that all subject inventions have been disclosed or that there are no such inventions.

(ii) A final report, within 3 months after completion of the contracted work, listing all subject inventions or stating that there were no such inventions, and listing all subcontracts at any tier containing a patent rights clause or stating that there were no such subcontracts.

(8) The Contractor shall promptly notify the Contracting Officer in writing upon the award of any subcontract at any tier containing a patent rights clause by identifying the subcontractor, the applicable patent rights clause, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon request of the Contracting Officer, the Contractor shall furnish a copy of such subcontract, and no more frequently than annually, a listing of the subcontracts that have been awarded.

(9) In the event of a refusal by a prospective subcontractor to accept one of the clauses in subparagraph (g)(1) or (2) below, the Contractor --

(i) Shall promptly submit a written notice to the Contracting Officer setting forth the subcontractors reasons for such refusal and other pertinent information that may expedite disposition of the matter; and

(ii) Shall not proceed with such subcontracting without the written authorization of the Contracting Officer.

(10) The Contractor shall provide, upon request, the filing date, serial number and title, a copy of the patent application (including an English-language version if filed in a language other than English), and patent number and issue date for any subject invention for which the Contractor has retained title.

(11) Upon request, the Contractor shall furnish the Government an irrevocable power to inspect and make copies of the patent application file.

(g) Subcontracts.

(1) The Contractor shall include the clause at 52.227-11 of the Federal Acquisition Regulation (FAR), suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental, or research work to be performed by a small business firm or nonprofit organization. The subcontractor shall retain all rights provided for the Contractor in this clause, and the Contractor shall not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractors subject inventions.

(2) The Contractor shall include this clause (FAR 52.227-12) in all other subcontracts, regardless of tier, for experimental, developmental, or research work.

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(3) In the case of subcontracts, at any tier, when the prime award with the Federal agency was a contract (but not a grant or cooperative agreement), the agency, subcontractor, and the Contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and the Federal agency with respect to those matters covered by this clause.

(h) Reporting utilization of subject inventions. The Contractor agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the Contractor or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Contractor, and such other data and information as the agency may reasonably specify. The Contractor also agrees to provide additional reports as may be requested by the agency in connection with any march-in proceedings undertaken by the agency in accordance with paragraph (j) of this clause. To the extent data or information supplied under this paragraph is considered by the Contractor, its licensee or assignee to be privileged and confidential and is so marked, the agency agrees that, to the extent permitted by law, it shall not disclose such information to persons outside the Government.

(i) Preference for United States industry. Notwithstanding any other provision of this clause, the Contractor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any products embodying the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by the Federal agency upon a showing by the Contractor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

(j) March-in rights. The Contractor agrees that with respect to any subject invention in which it has acquired title, the Federal agency has the right in accordance with the procedures in FAR 27.304-1(g) to require the Contractor, an assignee, or exclusive licensee of a subject invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the Contractor, assignee, or exclusive licensee refuses such a request, the Federal agency has the right to grant such a license itself if the Federal agency determines that --

(1) Such action is necessary because the Contractor or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;

(2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Contractor, assignee, or their licensees;

(3) Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Contractor, assignee, or licensees; or

(4) Such action is necessary because the agreement required by paragraph (i) of this clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

(k) Special provisions for contracts with nonprofit organizations. [Reserved]

(l) Communications. -1-

(m) Other inventions. Nothing contained in this clause shall be deemed to grant to the Government any rights with respect to any invention other than a subject invention.

(n) Examination of records relating to inventions.

(1) The Contracting Officer or any authorized representative shall, until 3 years after final payment under this contract, have the right to examine any books (including laboratory notebooks), records, and documents of the Contractor relating to the conception or first reduction to practice of inventions in the same field of technology as the work under this contract to determine whether --

(i) Any such inventions are subject inventions;

(ii) The Contractor has established and maintains the procedures required by subparagraphs (f)(2) and (f)(3) of this clause; and

(iii) The Contractor and its inventors have complied with the procedures.

(2) If the Contracting Officer determines that an inventor has not disclosed a subject invention to the Contractor in accordance with the procedures required by subparagraph (f)(5) of this clause, the Contracting Officer may, within 60 days after the determination, request title in accordance with subparagraphs (d)(2) and (d)(3) of this clause. However, if the Contractor establishes that the failure to disclose did not result from the Contractors fault or negligence, the Contracting Officer shall not request title.

(3) If the Contracting Officer learns of an unreported Contractor invention which the Contracting Officer believes may be a subject invention, the Contractor may be required to disclose the invention to the agency for a determination of ownership rights.

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(4) Any examination of records under this paragraph shall be subject to appropriate conditions to protect the confidentiality of the information involved.

(o) Withholding of payment (this paragraph does not apply to subcontracts).

(1) Any time before final payment under this contract, the Contracting Officer may, in the Governments interest, withhold payment until a reserve not exceeding \$50,000 or 5 percent of the amount of the contract, whichever is less, shall have been set aside if, in the Contracting Officers opinion, the Contractor fails to --

(i) Establish, maintain, and follow effective procedures for identifying and disclosing subject inventions pursuant to subparagraph (f)(5) above;

(ii) Disclose any subject invention pursuant to subparagraph (c)(1) above;

(iii) Deliver acceptable interim reports pursuant to subdivision (f)(7)(i) above; or

(iv) Provide the information regarding subcontracts pursuant to subparagraph (f)(8) of this clause.

(2) Such reserve or balance shall be withheld until the Contracting Officer has determined that the Contractor has rectified whatever deficiencies exist and has delivered all reports, disclosures, and other information required by this clause.

(3) Final payment under this contract shall not be made before the Contractor delivers to the Contracting Officer all disclosures of subject inventions required by subparagraph (c)(1) above, an acceptable final report pursuant to subdivision (f)(7)(ii) above, and all past due confirmatory instruments.

(4) The Contracting Officer may decrease or increase the sums withheld up to the maximum authorized above. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or the subsequent payment thereof shall not be construed as a waiver of any Government right.

(End of Clause)

I-12 CHANGED 52.232-16 PROGRESS PAYMENTS - ALTERNATE III APR/2003

(a) Computation of amounts.

(1) Unless the Contractor requests a smaller amount, the Government will compute each progress payment as 80 percent of the Contractors total costs incurred under this contract whether or not actually paid, plus financing payments to subcontractors (see paragraph (j) of this clause), less the sum of all previous progress payments made by the Government under this contract. The Contracting Officer will consider cost of money that would be allowable under FAR 31.205-10 as an incurred cost for progress payment purposes.

(2) The amount of financing and other payments for supplies and services purchased directly for the contract are limited to the amounts that have been paid by cash, check, or other forms of payment, or that are determined due will be paid to subcontractors--

(i) In accordance with the terms and conditions of a subcontract of invoice; and

(ii) Ordinarily within 30 days of the submission of the Contractors payment request to the Government.

(3) The Government will exclude accrued costs of Contractor contributions under employee pension plans until actually paid unless--

(i) The Contractors practice is to make contributions to the retirement fund quarterly or more frequently; and

(ii) The contribution does not remain unpaid 30 days after the end of the applicable quarter or shorter payment period (any contribution remaining unpaid shall be excluded from the Contractors total costs for progress payments until paid).

(4) The Contractor shall not include the following in total costs for progress payment purposes in paragraph (a)(1) of this clause:

(i) Costs that are not reasonable, allocable to this contract, and consistent with sound and generally accepted accounting principles and practices.

(ii) Costs incurred by subcontractors or suppliers.

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(iii) Costs ordinarily capitalized and subject to depreciation or amortization except for the properly depreciated or amortized portion of such costs.

(iv) Payments made or amounts payable to the subcontractors or suppliers, except for--

(A) completed work, including partial deliveries, to which the Contractor has acquired title; and

(B) Work under cost-reimbursement or time-and-material subcontracts to which the Contractor has acquired title.

(5) The amount of unliquidated progress payments may exceed neither (i) the progress payments made against incomplete work (including allowable unliquidated progress payments to subcontractors) nor (ii) the value, for progress payment purposes, of the incomplete work. Incomplete work shall be considered to be the supplies and services required by this contract, for which delivery and invoicing by the Contractor and acceptance by the Government are incomplete.

(6) The total amount of progress payments shall not exceed 80 percent of the total contract price.

(7) If a progress payment or the unliquidated progress payments exceed the amounts permitted by subparagraphs (a)(4) or (a)(5) above, the Contractor shall repay the amount of such excess to the Government on demand.

(8) Notwithstanding any other terms of the contract, the Contractor agrees not to request progress payments in dollar amounts of less than \$2,500. The Contracting Officer may make exceptions.

(b) Liquidation. Except as provided in the Termination for Convenience of the Government clause, all progress payments shall be liquidated by deducting from any payment under this contract, other than advance or progress payments, the unliquidated progress payments, or 80 percent of the amount invoiced, whichever is less. The Contractor shall repay to the Government any amounts required by a retroactive price reduction, after computing liquidations and payments on past invoices at the reduced prices and adjusting the unliquidated progress payments accordingly. The Government reserves the right to unilaterally change from the ordinary liquidation rate to an alternate rate when deemed appropriate for proper contract financing.

(c) Reduction or suspension. The Contracting Officer may reduce or suspend progress payments, increase the rate of liquidation, or take a combination of these actions, after finding on substantial evidence any of the following conditions:

(1) The Contractor failed to comply with any material requirement of this contract (which includes paragraphs (f) and (g) below).

(2) Performance of this contract is endangered by the Contractors --

- (i) Failure to make progress; or
- (ii) Unsatisfactory financial condition.

(3) Inventory allocated to this contract substantially exceeds reasonable requirements.

(4) The Contractor is delinquent in payment of the costs of performing this contract in the ordinary course of business.

(5) The unliquidated progress payments exceed the fair value of the work accomplished on the undelivered portion of this contract.

(6) The Contractor is realizing less profit than that reflected in the establishment of any alternate liquidation rate in paragraph (b) above, and that rate is less than the progress payment rate stated in subparagraph (a)(1) above.

(d) Title.

(1) Title to the property described in this paragraph (d) shall vest in the Government. Vestiture shall be immediately upon the date of this contract, for property acquired or produced before that date. Otherwise, vestiture shall occur when the property is or should have been allocable or properly chargeable to this contract.

(2) Property, as used in this clause, includes all of the below-described items acquired or produced by the Contractor that are or should be allocable or properly chargeable to this contract under sound and generally accepted accounting principles and practices.

- (i) Parts, materials, inventories, and work in process;
- (ii) Special tooling and special test equipment to which the Government is to acquire title under any other clause of this contract;
- (iii) Nondurable (i.e., noncapital) tools, jigs, dies, fixtures, molds, patterns, taps, gauges, test equipment, and other similar manufacturing aids, title to which would not be obtained as special tooling under subparagraph (ii) above; and
- (iv) Drawings and technical data, to the extent the Contractor or subcontractors are required to deliver them to the Government by

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other clauses of this contract.

(3) Although title to property is in the Government under this clause, other applicable clauses of this contract; e.g., the termination or special tooling clauses, shall determine the handling and disposition of the property.

(4) The Contractor may sell any scrap resulting from production under this contract without requesting the Contracting Officers approval, but the proceeds shall be credited against the costs of performance.

(5) To acquire for its own use or dispose of property to which title is vested in the Government under this clause, the Contractor must obtain the Contracting Officers advance approval of the action and the terms. The Contractor shall

- (i) exclude the allocable costs of the property from the costs of contract performance, and
- (ii) repay to the Government any amount of unliquidated progress payments allocable to the property. Repayment may be by cash or credit memorandum.

(6) When the Contractor completes all of the obligations under this contract, including liquidation of all progress payments, title shall vest in the Contractor for all property (or the proceeds thereof) not --

- (i) Delivered to, and accepted by, the Government under this contract; or
- (ii) Incorporated in supplies delivered to, and accepted by, the Government under this contract and to which title is vested in the Government under this clause.

(7) The terms of this contract concerning liability for Government-furnished property shall not apply to property to which the Government acquired title solely under this clause.

(e) Risk of loss. Before delivery to and acceptance by the Government, the Contractor shall bear the risk of loss for property, the title to which vests in the Government under this clause, except to the extent the Government expressly assumes the risk. The Contractor shall repay the Government an amount equal to the unliquidated progress payments that are based on costs allocable to property that is damaged, lost, stolen, or destroyed.

(f) Control of costs and property. The Contractor shall maintain an accounting system and controls adequate for the proper administration of this clause.

(g) Reports and access to records. The Contractor shall promptly furnish reports, certificates, financial statements, and other pertinent information reasonably requested by the Contracting Officer for the administration of this clause. Also, the Contractor shall give the Government reasonable opportunity to examine and verify the Contractors books, records, and accounts.

(h) Special terms regarding default. If this contract is terminated under the Default clause,

- (i) the Contractor shall, on demand, repay to the Government the amount of unliquidated progress payments and
- (ii) title shall vest in the Contractor, on full liquidation of progress payments, for all property for which the Government elects not to require delivery under the Default clause. The Government shall be liable for no payment except as provided by the Default clause.

(i) Reservations of rights.

(1) No payment or vesting of title under this clause shall --

- (i) Excuse the Contractor from performance of obligations under this contract; or
- (ii) Constitute a waiver of any of the rights or remedies of the parties under the contract.

(2) The Governments rights and remedies under this clause --

- (i) Shall not be exclusive but rather shall be in addition to any other rights and remedies provided by law or this contract; and
- (ii) Shall not be affected by delayed, partial, or omitted exercise of any right, remedy, power, or privilege, nor shall such exercise or any single exercise preclude or impair any further exercise under this clause or the exercise of any other right, power, or privilege of the Government.

(j) Financing payments to subcontractors. The financing payments to subcontractors mentioned in paragraphs (a)(1) and (a)(2) of this clause shall be all financing payments to subcontractors or divisions, if the following conditions are met:

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- (1) The amounts included are limited to --
- (i) The unliquidated remainder of financing payments made; plus
 - (ii) Any unpaid subcontractor requests for financing payments.
- (2) The subcontract or interdivisional order is expected to involve a minimum of approximately 6 months between the beginning of work and the first delivery, or, if the subcontractor is a small business concern, 4 months.
- (3) If the financing payments are in the form or progress payments, the terms of the subcontract or interdivisional order concerning progress payments --
- (i) Are substantially similar to the terms of the clause for any subcontractor that is a large business concern, or that clause with its Alternate I for any subcontractor that is a small business concern;
 - (ii) Are at least as favorable to the Government as the terms of this clause;
 - (iii) Are not more favorable to the subcontractor or division than the terms of this clause are to the Contractor;
 - (iv) Are in conformance with the requirements of FAR 32.504(e); and
 - (v) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Governments right to require delivery of the property to the Government if --
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
- (4) If the financing payments are in the form of performance-based payments, the terms of the subcontract or interdivisional order concerning payments--
- (i) Are substantially similar to the Performance-Based Payments clause at FAR 52.232-32 and meet the criteria for, and definition of, performance-based payments in FAR Part 32;
 - (ii) Are in conformance with the requirements of FAR 32.504(f); and
 - (iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Governments right to require delivery of the property to the Government if--
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
- (5) If the financing payments are in the form of commercial item financing payments, the terms of the subcontract or interdivisional order concerning payments
- (i) Are constructed in accordance with FAR 32.206(c) and included in a subcontract for a commercial item purchase that meets the definition and standards for acquisition of commercial items in FAR Part 2 and 12;
 - (ii) Are in conformance with the requirements of FAR 32.504(g); and
 - (iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Governments right to require delivery of the property to the Government if--
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
- (6) If financing is in the form of progress payments, the progress payment rate in the subcontract is the customary rate used by the contracting agency, depending on whether the subcontractor is or is not a small business concern.
- (7) Concerning any proceeds received by the Government for property to which title has vested in the Government under the subcontract terms, the parties agree that the proceeds shall be applied to reducing any unliquidated financing payments by the Government to the Contractor under this contract.

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(8) If no unliquidated financing payments to the Contractor remain, but there are unliquidated financing payments that the Contractor has made to any subcontractor, the Contractor shall be subrogated to all the rights the Government obtained through the terms required by this clause to be in any subcontract, as if all such rights had been assigned and transferred to the Contractor.

(9) To facilitate small business participation in subcontracting under this contract, the Contractor shall provide financing payments to small business concerns, in conformity with the standards for customary contract financing payments stated in Subpart 32.113. The Contractor shall not consider the need for such financing payments as a handicap or adverse factor in the award of subcontracts.

(k) Limitations on undefinitized contract actions. Notwithstanding any other progress payment provisions in this contract, progress payments may not exceed 80 percent of costs incurred on work accomplished under undefinitized contract actions. A contract action is any action resulting in a contract, as defined in Subpart 2.1, including contract modifications for additional supplies or services, but not including contract modifications that are within the scope and under the terms of the contract, such as contract modifications issued pursuant to the Changes clause, or funding and other administrative changes. This limitation shall apply to the costs incurred, as computed in accordance with paragraph (a) of this clause, and shall remain in effect until the contract action is definitized. Costs incurred which are subject to this limitation shall be segregated on Contractor progress payment requests and invoices from those costs eligible for higher progress payment rates. For purposes of progress payment liquidation, as described in paragraph (b) of this clause, progress payments for undefinitized contract actions shall be liquidated at 80 percent of the amount invoiced for work performed under the undefinitized contract action as long as the contract action remains undefinitized. The amount of unliquidated progress payments for undefinitized contract actions shall not exceed 80 percent of the maximum liability of the Government under the undefinitized contract action or such lower limit specified elsewhere in the contract. Separate limits may be specified for separate actions.

(l) Due date. The designated payment office will make progress payments on the -1- day after the designated billing office receives a proper progress payment request. In the event that the Government requires an audit or other review of a specific progress payment request to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make a payment by the specified due date. Progress payments are considered contract financing and are not subject to the interest penalty provisions of the Prompt Payment Act.

(m) Progress payments under indefinitedelivery contracts. The Contractor shall account for and submit progress payment requests under individual orders as if the order constituted a separate contract, unless otherwise specified in this contract.

(n) The provisions of this clause will not be applicable to individual orders at or below the simplified acquisition threshold.

(End of Clause)

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SECTION J - LIST OF ATTACHMENTS

<u>List of Addenda</u>	<u>Title</u>	<u>Date</u>	<u>Number of Pages</u>	<u>Transmitted By</u>
Attachment 0009	REVISED PURCHASE DESCRIPTION, ATPD 2203 REV G, DTD 11 JUN 2007	18-JUN-2007	033	
Attachment 0010	REVISED PRICING SPREADSHEET	19-JUN-2007	001	

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SECTION K - REPRESENTATIONS, CERTIFICATIONS, AND OTHER STATEMENTS OF OFFERORS

<u>Status</u>	<u>Regulatory Cite</u>	<u>Title</u>	<u>Date</u>
K-1 ADDED	252.227-7017	IDENTIFICATION AND ASSERTION OF USE, RELEASE, OR DISCLOSURE RESTRICTIONS	JUN/1995
K-2 ADDED	252.227-7028	TECHNICAL DATA OR COMPUTER SOFTWARE PREVIOUSLY DELIVERED TO THE GOVERNMENT	JUN/1995